

Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 EB-11 DRC-01 RSC-01 CIAE-00 INR-10

LAB-06 NSAE-00 PA-04 SIL-01 USIA-15 PRS-01 SAM-01

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R 120801Z FEB 74

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 801

INFO USDOC WASHDC

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EA/IMS FOR AMBASSADOR NEWSOM

E.O. 11652: N/A

TAGS: BEXP, ETRD, ID

SUBJECT: JAKARTA FAIR - PLANNED DISCONTINUANCE U.S.
PARTICIPATION

SUMMARY: EMBASSY HAS DECIDED DISCONTINUE PARTICIPATION ANNUAL JAKARTA FAIR (JF). JF DOES NOT MEET U.S.G. TRADE PROMOTION OBJECTIVES OF TARGET AUDIENCES, REQUIRES INORDINATE OUTLAY OF E/CM PERSONNEL TIME FOR MARGINAL SALES PAYOFF, CONTINUED PARTICIPATION REQUIRES OUTLAY OF AT LEAST \$25,000 TO REBUILD U.S. PAVILION IN ACCORDANCE FAIR AUTHORITIES INSTRUCTIONS, AND THIS YEAR'S FAIR FOLLOWS COMMERCIAL EXHIBIT, USAQUIP '74, BY ONLY EIGHT WEEKS. UF AUTHORTIES SHOULD HAVE NO DIFFICULTY IN USING U.S. PAVILION. BELIEVE, FURTHERMORE, NEGATIVE REACTION GOI OFFICIALS WILL BE MINIMAL. ACTION REQUESTED: DEPARTMENT'S AND AMBASSADOR NEWSOM'S VIEWS ON PLANNED STEP WOULD BE APPRECIATED. END SUMMARY.

1. EMBASSY HAS PARTICIPATED FOR PAST FIVE YEARS IN JAKARTA FAIR (JF), WHICH IS SIX WEEK NATIONAL EXHIBIT, TRADE FAIR, AMUSEMENT PARK, GENERAL HOLIDAY ACTIVITY.
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ONLY NINE OTHER EMBASSIES EXHIBIT, BUT NOT ON ANNUAL BASIS. U.S. PARTICIPATION BEGAN WITH INDONESIA'S

FIRST FIVE YEAR PLAN (1969) WITH USIS MOUNTING EXHIBITION THE FIRST TWO YEARS. SUBSEQUENTLY, EMBASSY E/CM SECTION MOUNTED EXHIBITION WITH LOCAL AGENTS AND DISTRIBUTORS OF U.S. PRODUCTS. U.S. EXHIBITION HELD IN BUILDING DESIGNATED AS U.S. PAVILION WHICH IS RENTED FROM JF AUTHORITIES.

2. IN OCTOBER, 1973 EMBASSY RECEIVED AN OFFICIAL NOTIFICATION FROM JF AUTHORITIES THAT AS OF DECEMBER 31, 1973 U.S. PAVILION MUST BE COMPLETELY REBUILT OR GIVEN UP; WE WERE LATER GIVEN A YEAR'S GRACE TO DECEMBER 31, 1974. EMBASSY PAID ANNUAL RENTAL FOR PERIOD OF FAIR OF \$4200 AND APPROXIMATELY \$125 PER MONTH FOR ELECTRICITY, WATER, GUARD, ETC. ALL THESE COSTS WERE BORN BY RENTAL CHARGE TO EXHIBITORS. ESTIMATED COST FOR REDESIGNING AND REMODELING PAVILION IN ACCORDANCE WITH INSTRUCTIONS RECEIVED IS ESTIMATED TO BE \$25,000 - \$50,000. FAILURE TO REMODEL OR REDESIGN WILL REQUIRE EITHER TEARING DOWN BUILDING OR REFURBISHING IT SINCE IT MUST BE RETURNED TO AUTHORITIES IN "ORIGINAL CONDITION". COST OF THIS IS ESTIMATED TO BE \$5,000 - \$10,000.

3. EMBASSY IS INVOLVED IN MOUNTING TRADE SHOW, USAQUIP 74, AS PART OF USRTC SINGAPORE PROGRAM APRIL 15-20, APPROXIMATELY EIGHT WEEKS PRIOR TO 1974 JF. EMBASSY INCAPABLE PROVIDE SUFFICIENT MANPOWER MOUNT BOTH USAQUIP 74 AND JF PARTICIPATION SINCE JF EXHIBIT REQUIRES APPROXIMATELY 350 MANHOURS AND OFFICER CONCERNED WILL BE COMPLETELY OCCUPIED WITH USAQUIP 74.

4. COMMERCIAL RESULTS OF JF HAVE BEEN MARGINAL AT BEST. LAST YEAR, FOR EXAMPLE NETNL TW MEBQHWN U. S. EXHIBIT AT JF SAW OFF-THE FLOOR SALES OF \$494,000 AND PROJECTED SALES OF \$1.5 MILLION. WE CONTRAST THIS WITH ANTICIPATED IMMEDIATE SALES FROM FLOOR OF USAQUIP 74 OF ABOUT \$2 MILLION AND PROJECTED SALES OF \$10 MILLION FOR FIVE DAY PRESENTATION. WE KNOW THAT USRTC'S HAVING APPROXIMATELY EIGHT SHOWS A YEAR PRODUCE ABOUT \$225,000 IN IMMEDIATE SALES AND PRO-LIMITED OFFICIAL USE LIMITED OFFICIAL USE

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JECTED SALES OF \$4.5 MILLION FOR EACH FIVE DAY SHOW.

5. FOR ABOVE REASONS, WE HAVE MADE DECISION NOT RPT NOT PARTICIPATE IN JAKARTA FAIR 1974. IN OUR DELIBERATIONS WE CONSIDERED QUESTIONS OF U.S.G. RELATIONS WITH SOME OFFICIALS OF GOI WHO MIGHT BE CRITICAL OF OUR WITHDRAWAL. ON BALANCE IT OUR JUDGEMENT SUCH NEGATIVE REACTION WOULD BE MINIMAL ALTHOUGH ALI SADIKIN, GOVERNOR OF SPECIAL DISTRICT OF JAKARTAA, POSSIBLY WILL EXPRESS A SERIOUS UNHAPPINESS.

6. WE WILL NOT NOTIFY JAKARTA FAIR AUTHORITIES HOW-
EVER UNTIL AMBASSADOR NEWSOM APPROVES, NOTIFY JAKARTA FAIR
AUTHORITIES OF OUR DECISION NOT TO REBUILD PAVILION
OR CONTINUE TO EXHIBIT CITING NEW DIRECTIVES FROM
WASHINGTON THAT USG EXHIBITION AND OTHER TRADE PROMOTION
ACTIVITIES BE AIMED STRICTLY AT TRADE AUDIENCES AND NOT
GENERAL PUBLIC, BUT POINTING OUT THAT U.S. WILL,
OF COURSE, BE MOUNTING SPECIAL EXHIBITIONS AND PROGRAMS
SUCH AS USAQUIP 74, TECHNICAL TRADE SEMINAR IN NOVEMBER
'74, AND CATALOGUE SHOW EARLY SPRING '75, ALL OF WHICH
DEMONSTRATE CONTINUED U.S. HIGH INTEREST IN PROMOTING
INDONESIA-AMERICAN TRADE AND INVESTMENT.

7. WE DOUBT THAT JAKARTA FAIR AUTHORITIES WILL HAVE
ANY DIFFICULTY IN UTILIZING U.S. BUILDING THIS YEAR.
WE KNOW THAT NEW ZEALAND EMBASSY VERY ANXIOUS TO
PARTICIPATE IN JAKARTA FAIR AND ALSO THAT IN PAST,
JAKARTA FAIR AUTHORITIES HAVE HAD TO REFUSE MANY
EXHIBITORS BECAUSE NO SPACE AVAILABLE. LASTLY
WE KNOW THAT AGENTS AND REPRESENTATIVES OF
U.S. FIRMS HAVE BEEN UNDER PRESSURE TO EXHIBIT IN
PAVILIONS OF VARIOUS INDONESIAN PROVINCES AND OTHER
LOCAL GEOGRAPHICAL ENTITIES AND WOULD BE HAPPY TO
MEET SUCH REQUESTS RATHER THAN SHOW GOODS IN U.S.
PAVILION.

8. WOULD APPRECIATE EARLY EXPRESSION DEPARTMENT'S AND
AMBASSADOR'S VIEWS.
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